

Message Text

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ACTION IO-10

INFO OCT-01 ARA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 NSCE-00 SSO-00

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FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC IMMEDIATE 7731

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E.O. 11652: N/A

TAGS: ECLA ECIN EFIN

SUBJECT: LATIN AMERICAN SAFETY NET PROPOSAL

(A) FOLLOWING IS DRAFT RESOLUTION SUBMITTED BY URUGUAY,
GUATEMALA, NICARAGUA AND COSTA RICA RELATING TO SAFETY
NET SUGGESTION MADE BY IGLESIAS IN HIS OPENING SPEECH:

IMMEDIATE BALANCE-OF-PAYMENTS PROBLEMS AND POSSIBLE SOLUTIONS TO THEM

THE CONOMIC COMMISSION FOR LATIN AMERICA,

CONSIDERING

- THE SERIOUSNESS OF THE BALANCE-OF-PAYMENTS PROBLEMS BEING
EXPERIENCED BY MANY OF THE COUNTRIES OF LATIN AMERICA AND
THE UNCERTAINTY LYING AHEAD OF THEM IN THE IMMEDIATE FUTURE
BECAUSE OF THE PRESENT INTERNATIONAL SITUATION.

- THE FACT THAT LATIN AMERICA HAS REMAINED ON THE SIDELINES

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OF MANY OF THE INTERNATIONAL FINANCIAL LINES OF ACTION

RECENTLY ADOPTED, SO THAT IT IS NECESSARY TO STRENGTHEN AND EXPAND THE EXISTING MACHINERY BY ENVISAGING THE POSSIBILITY OF ESTABLISHING A NEW REGIONAL FINANCIAL "SAFETY NET" FOR LATIN AMERICA,

- THE IDEAS AND PROPOSALS PUT FORWARD BY MEMBER GOVERNMENTS AND INCORPORATED IN THE APPRAISAL OF THE INTERNATIONAL DEVELOPMENT STRATEGY AS PART OF THE ACCOMPANYING PLAN OF ACTION,

- THE SUGGESTIONS PUT FORWARD BY THE ECLA SECRETARIAT AT THE PRESENT SESSION OF THE COMMISSION (INCLUDING THOSE PUT FORWARD BY THE EXECUTIVE SECRETARY ON THE URGENT NEED TO ESTABLISH A FINANCIAL SAFETY NET FOR LATIN AMERICA), WHICH SHOULD BE ANALYSED WITH DUE CARE AND ATTENTION TO DETAIL IN ORDER TO DEFINE A PRAGMATIC OPERATIONAL PROGRAMME OF SPECIFIC MEASURES,

- THE URGENT NEED TO ADOPT SOLUTIONS TO DEAL WITH THE PROBLEM OF AVOIDING THE SERIOUS CONSEQUENCES OF THE PHENOMENON OF ECONOMIC CONTRACTION AND ITS REPERCUSSIONS BOTH IN TERMS OF REDUCTION OF THE GROWTH RATE, INCREASED UNEMPLOYMENT AND AGGRAVATION OF THE SOCIAL PROBLEMS OF THE REGION, AND IN TERMS OF ITS UNFAVOURABLE EFFECTS ON THE EXTERNAL TRADE OF THE REGION, WHICH WOULD IN THEIR TURN CONTRIBUTE TO THE WORLD-LEVEL CONTRACTION,

RECOMMENDS THE ECLA SECRETARIAT

1. TO GIVE TOP PRIORITY IN ITS IMMEDIATE WORK TO THE ANALYSIS OF BALANCE-OF-PAYMENTS DEFICIT PROBLEMS WITH A VIEW TO FORMULATING FORWARD IDEAS AND PROPOSALS FOR SOLVING OR RELIEVING THIS SERIOUS PROBLEM OF THE COUNTRIES OF THE REGION;

2. TO CONVENE A MEETING OF A GROUP OF EXPERTS SPECIALLY SELECTED FOR THEIR HIGH QUALIFICATIONS AND EXTENSIVE EXPERIENCE ON ASPECTS CONNECTED WITH THESE PROBLEMS, TO SEEK POSSIBLE SOLUTIONS TO THEM. THE GROUP SHOULD RECEIVE SUPPORT FROM THE SECRETARIAT AND SHOULD PREPARE A REPORT AS SOON AS POSSIBLE PRESENTING ITS CONCLUSIONS ON POSSIBLE SOLUTIONS TO THE PROBLEMS OF THE PRESENT SITUATION;
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3. TO CONVENE A SPECIAL MEETING OF THE COMMISSION, IF THIS SHOULD BE CONSIDERED NECESSARY, TO DISCUSS POSSIBLE MEASURES THAT COULD BE TAKEN TO DEFEND THE BALANCE OF PAYMENTS, ON THE BASIS OF THE REPORT OF THE GROUP OF EXPERTS MENTIONED ABOVE AND SUCH ADDITIONAL DOCUMENTATION AS THE SECRETARIAT MIGHT DEEM APPROPRIATE;

4. TO MAINTAIN CLOSE CONTACT WITH THE LATIN AMERICAN GROUPS OF REPRESENTATIVES TO UNITED NATIONS ORGANIZATIONS AND OTHER INTERNATIONAL AND INTERGOVERNMENTAL ORGANIZATIONS IN GENEVA, NEW YORK, WASHINGTON AND BRUSSELS, SO AS TO ASCERTAIN THEIR VIEWS AND ASSIST THEM AS INTENSIVELY AND EFFECTIVELY AS POSSIBLE;

5. TO ASK UNDP TO PROVIDE SPECIAL SUPPORT FOR THESE ACTIVITIES.
ECLA SECRETARIAT SHOULD TAKE THE NECESSARY STEPS TO ARRANGE THIS WITH UNDP.

(B) RECOMMENDATION: WE SAID IN OUR OPENING SPEECH THAT IGLESIAS PROPOSAL DESERVES CAREFUL STUDY AND THAT IS PRECISELY WHAT THIS RESOLUTION SUGGESTS. THE RESOLUTION IS PHRASED MORE BROADLY THAN SAFETY NET TO LEAVE OPEN THE POSSIBILITY THAT EXPERTS WILL NOT RECOMMEND IT, OR THAT NECESSARY RESOURCES CAN NOT BE RAISED. WE RECOMMEND THAT THE U.S. NOT OBJECT TO THIS RESOLUTION, SPECIFICALLY STATING THAT THIS IS WITHOUT PREJUDICE AS TO WHETHER A SAFETY NET IS NEEDED OR WHETHER WE WILL PROVIDE ANY FUNDS. (ISSUE WILL BE DISCUSSED IN COMMITTEE ON MAY 10 AND IN PLENARY MAY 12.)
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